

Message Text

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ACTION ARA-10

INFO OCT-01 EUR-12 IO-13 ISO-00 ERDA-05 AID-05 CEA-01
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H-01 INR-07 INT-05 L-03 NSAE-00 NSC-05 OMB-01 PM-04
USIA-06 OES-06 SP-02 SS-15 STR-04 TRSE-00 ACDA-07
DHA-02 FRB-03 XMB-02 OPIC-03 LAB-04 SIL-01 PA-01
PRS-01 (ISO) W

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P R 081246Z DEC 76

FM AMEMBASSY CARACAS

TO SECSTATE WASHDC PRIORITY 5917

INFO AMEMBASSY BOGOTA

AMEMBASSY BRASILIA

AMEMBASSY LISBON

AMEMBASSY LONDON

AMEMBASSY MADRID

AMEMBASSY MOSCOW

AMEMBASSY PANAMA

AMEMBASSY SANTO DOMINGO

USMISSION OECD PARIS

USMISSION USUN NEW YORK

C O N F I D E N T I A L SECTION 1 OF 2 CARACAS 14285

E.O. 11652: GDS

TAGS: PFOR, PINS, ENRG, ETRD, VE, CU, XG, SU

SUBJECT: PRESIDENT PEREZ' PERIPLUS-POLEMICS AND PRAGMATISM

REF: CARACAS 14190

SUMMARY. PRESIDENT CARLOS ANDRES PEREZ' TRIP TO THE UNGA AND EUROPE, THE FIRST BY A VENEZUELAN CHIEF OF STATE, WAS A LANDMARK IN VENEZUELAN HISTORY. FOLLOWING IS OUR ASSESSMENT OF THE TRIP'S MAJOR THEMES, ITS PRACTICAL AND SYMBOLIC ACCOMPLISHMENTS, ITS DOMESTIC IMPACT, AND WHAT IT PORTENDS FOR VENEZUELAN FOREIGN POLICY, PARTICULARLY FOREIGN ECONOMIC POLICY. END SUMMARY.

1. MAJOR THEMES-PEREZ HAD THREE PARALLEL THEMES.

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FIRST TO TRUMPET HIS THIRD WORLD LEADERSHIP. HIS

CENTRAL THEME WAS THAT OPEC IS AN INSTRUMENT PROVIDING THRUST TOWARD NIEO, THE FIRST STAGE OF WHICH CAN BE ACHIEVED, THROUGH NORTH-SOUTH DIALOGUE. THE VOLUME VARIED; LOWER IN ROME, LONDON, AND THE IBERIC PENINSULA, HIGHER IN NEW YORK, MOSCOW, GENEVA, AND SANTO DOMINGO. SECOND THEME WAS TO ADVERTISE VENEZUELA'S DEMOCRATIC EXPERIMENT AS AN EXAMPLE FOR LATIN AMERICA AND FOR MUCH OF THE WORLD SUFFERING UNDER AUTHORITARIAN REGIMES. PEREZ PLAYED THIS THEME MORE DISCREETLY THAN THE FIRST, TO BE SURE, BUT IT WAS CONSTANT. AT THE UNGA, AND MOSCOW, HE EMPHASIZED IDEOLOGICAL PLURALISM, BUT ELSEWHERE PRAISED ITALIAN AND BRITISH DEMOCRACY AND IBERIA'S FLEDGING EFFORTS IN THIS REGARD. HE SOUNDED HIGH NOTE BEFORE HIS SOCIAL DEMOCRATIC COLLEAGUES IN GENEVA WHERE HE JOINED IN CONDEMNING CONSERVATIVE MILITARY REGIMES IN THE SOUTH AMERICAN SOUTHERN CONE. SPECIFIC SUB-THEMES IN THIS CONTEXT WERE DISARMAMENT, AND INTERNATIONALLY SUPERVISED HUMAN RIGHTS CONVENTION, AND (CLOSEST TO HIS HEART) AND ORGANIZED EFFORT AGAINST INTERNATIONAL TERRORISM. THE THIRD THEME WAS INTERDEPENDENCE. ALTHOUGH HE NOTED THAT VENEZUELA HAS NOTHING IN COMMON IDEOLOGICALLY WITH THE USSR OR CUBA HE EMPHASIZED THE WORLD SHOULD NO LONGER BE DIVIDED INTO BLOCS AND THAT ALL POWERS, GREAT OR SMALL, MUST DEAL WITH EACH OTHER.

2. ACCOMPLISHMENTS, PRACTICAL AND SYMBOLIC. PEREZ HAD LONG DISCUSSIONS WITH NUMEROUS LEADING ITALIAN, BRITISH AND OTHER INDUSTRIALISTS ABOUT FUTURE TRADE PROSPECTS. HE SIGNED INDUSTRIAL AND/OR COMMERCIAL AGREEMENTS IN THE U.K., ITALY, DOMINICAN REPUBLIC, SPAIN, USSR AND PORTUGAL. (THERE WERE ALSO SCIENCE AND TECHNOLOGY AND CULTURAL AGREEMENTS DISCUSSED IN USSR, ITALY AND U.K.) WHILE THE PRESS HAS GIVEN MOST PLAY TO THE QUADRILATERAL OIL DEAL (SEE REFTTEL), THIS DEAL SHOULD NOT OVERSHADOW THE OTHER DISCUSSIONS AND AGREEMENTS, THE TERMS OF WHICH HAVE NOT YET BEEN PUBLISHED. BRITISH EMBASSY HERE REPORTS PEREZ MET A LONG LINE OF BRITISH BUSINESSMEN FOR FIVE MINUTES APIECE (2 MINUTES FOR PEREZ, 3

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FOR BUSINESSMEN) AND HAD MEANINGFUL EXCHANGES ON A LARGE NUMBER OF BRITISH TRADE OPPORTUNITIES. WHEN DONE, HE TOLD HIS HOSTS HE WAS MOST IMPRESSED WITH TRADE PARADE AND NOTED WITH OBVIOUS PLEASURE HIS HOSTS WERE PROBABLY SURPRISED HE COULD BE SO BRIEF. BRITISH REPORTEDLY CONSIDER VISIT A NET SUCCESS IN PRACTICAL TERMS. WHILE THE PRACTICAL ACCOMPLISHMENTS WERE PRIMARILY COMMERCIAL IN NATURE, THERE WERE ALSO

SYMBOLIC ACCOMPLISHMENTS HARDER TO DEFINE. IT SEEMS CLEAR THAT PEREZ IMPRESSED ALL HIS INTERLOCUTORS AS A DYNAMIC, HARD-DRIVING MAN WITH A MISSION, SEEKING A PLACE FOR VENEZUELA ON THE WORLD STAGE COMMENSURATE WITH ITS WEALTH AND PEREZ' PROCLAIMED THIRD WORLD IDEALS. WHILE PEREZ' UNBRIDLED SELF-CONFIDENCE, AND EXCESSIVE CANDOR MAY HAVE IRRITATED HOSTS, PARTICULARLY SOVIETS AND DOMINICANS, HIS HARD-SELL APPROACH UNDOUBTEDLY CONVINCED MANY THAT VENEZUELA, FOR THE MIDDLE TERM AT LEAST, IS AN OPEC POWER OF CONSEQUENCE THAT MUST BE TAKEN INTO CONSIDERATION. THIS IS NO MEAN ACCOMPLISHMENT, GIVEN THE GENERAL LACK OF KNOWLEDGE ABOUT VENEZUELA OUTSIDE WESTERN HEMISPHERE.

3. DOMESTIC IMPACT. PEREZ LOST NO VOTES WITH VENEZUELAN OF ITALIAN, SPANISH, AND PORTUGUESE DESCENT. FURTHER, PEREZ' VISIT TO THE SOVIET UNION PROBABLY GAINED HIM SUPPORT ON BOTH THE LEFT AND RIGHT. THE RIGHT APPLAUDED HIS TOUGH LANGUAGE TO KREMLIN LEADERSHIP, WHILE THE LEFT LAUDED HIS RECOGNITION OF THE NEED FOR GREATER TIES WITH USSR AND CUBA. THIS IS IMPORTANT BECAUSE AD PERCEIVES (AND POLLS AGREE) THAT ITS SUPPORT ON THE LEFT OF THE POLITICAL SPECTRUM (YOUTH, INTELLIGENTSIA SOME OF THE MIDDLE CLASS) IS SLIPPING. CRITICISM FROM COPEI, THE MAJOR OPPOSITION PARTY, FOR THE MOST PART, HAS COME FROM CONSERVATIVE COPEYANOS (CALVANI AND PAZ) WHO ARE ASSOCIATED WITH THE CALDERA WING OF THE PARTY. COPEI SUPPORTERS OF THE MORE LEFTIST COPEI PRESIDENTIAL ASPIRANT LUIS HERRERA CAMPINS HAVE NOT OPENLY CRITICIZED THE SPEECH. NORMALLY ACERBIC COPEI SECRETARY GENERAL PEDRO PABLO AGUILAR, (A HERRERA SUPPORTER) FOR EXAMPLE, HAS SAID COPEI WILL ANALYSE THE SPEECH WITH CARE AND THAT IT

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COULD BE CONSIDERED POSITIVE IF THE COUNTRY DERIVES TANGIBLE BENEFITS FROM IT. THE CONSERVATIVE PRESIDENT OF THE ASSOCIATION OF CHAMBERS OF COMMERCE AND INDUSTRY (FEDECAMARAS) HAS SAID THAT THE "TRIP HAD GREAT SIGNIFICANCE NOT ONLY FOR THE COUNTRY, BUT ALSO FOR LATIN AMERICA AND THE THIRD WORLD." WE THINK MANY POLITICALLY SENSITIVE VENEZUELAN WOULD AGREE THAT PEREZ' STATURE AT HOME AS A POLITICAL FIGURE HAS BEEN SUBSTANTIALLY ENHANCED BY THE TRIP.

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ACTION ARA-10

INFO OCT-01 EUR-12 IO-13 ISO-00 ERDA-05 AID-05 CEA-01
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FRB-03 XMB-02 OPIC-03 LAB-04 SIL-01 PA-01 PRS-01
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FM AMEMBASSY CARACAS

TO SECSTATE WASHDC PRIORITY 5918

INFO AMEMBASSY BOGOTA

AMEMBASSY BRASILIA

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4. FOREIGN POLICY (MOSTLY ECONOMIC). PEREZ
ASSUMED PRESIDENCY WITH LITTLE KNOWLEDGE OF
FOREIGN AFFAIRS. SINCE THEN, HE HAS DONE HIS HOMEWORK.
HE DOMINATED THE TRIP, OVERSHADOWING ALL THOSE
IN HIS ENTOURAGE. THE BRITISH EMBASSY REPORTS
A TOUR DE FORCE WITH PEREZ HANDLING VIRTUALLY ALL
NEGOTIATIONS AND DISCUSSIONS IN LONDON, WITH
EXCEPTION OF CIEC, WHICH HE TURNED OVER TO MANUEL
PEREZ GUERRERO, HIS MINISTER OF INTERNATIONAL ECONOMIC
AFFAIRS. THE FOREIGN MINISTER TOOK A BACK SEAT
THROUGHOUT. BOTH THE MAJOR NIEO THEMES, AND THE
PRAGMATIC COMMERCIAL ARRANGEMENTS REFLECT THE VIEWS
AND PROBABLY INPUT OF PEREZ' CLOSE ECONOMIC ADVISORS,
(PEREZ GUERRERO, MINISTER FOR PRODUCTION, CARMELO
LAURIA, MINISTER OF FINANCE HURTADO AND OTHERS) WHO
FROM A COHERENT TEAM OF DEDICATED, INTELLIGENT, AND
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ENERGETIC ADVISORS, WITH ACCESS TO, AND INFLUENCE ON, PEREZ. THEY BELIEVE IN MAXIMIZING VENEZUELA'S OIL WEALTH AND INFLUENCE THROUGH OPEC. WHILE CAREFUL TO EMPHASIZE OPEC IS A TOOL OF NEGOTIATION, AND NOT CONFRONTATION, PEREZ GAVE NO INDICATION THAT HE WILL MODERATE VENEZUELA'S STAND ON PETROLEUM WITHIN OPEC TO ACCOMMODATE THE DC'S. ON THE CONTRARY, HIS LITANY INDICATED HE WILL CONTINUE TO CARRY THE BANNER OF OPEC HIGH.

5. OTHER THREADS OF VENEZUELA'S FOREIGN POLICY WERE ALSO CLEARLY VISIBLE DURING THE TRIP, THE MOST NOTABLE BEING THAT OF LATIN ECONOMIC INTEGRATION. WITHIN THIS CONTEXT, HE EXPLAINED THE TRADE ARRANGEMENTS WITH BOTH CUBA AND THE DOMINICAN REPUBLIC IN TERMS OF VENEZUELA'S RESPONSIBILITIES TOWARD INTEGRATION OF THE CARIBBEAN AREA. ALSO, IN PART EXPRESSING HIS BOLIVARIAN ASPIRATIONS, HE TOUTED SELA AT SEVERAL STOPS ON THE TRIP.

6. COMMENT: PRESIDENT PEREZ' TRIP, FOR ALL ITS HYPERBOLE, BLUNT EXCHANGES, AND FRENETIC SCHEDULINGS HELPED PUT VENEZUELA ON THE MAP IN VENEZUELAN EYES. WHEN ALL IS SAID AND DONE, THIS WAS THE TRIP'S CHIEF ACCOMPLISHMENT. IT INCREASED PEREZ' STATURE AS A "WORLD STATESMAN" LOCALLY, PROVIDED A MEASURE OF DIVERSION FROM THE MORE MUNDANE PROBLEMS OF DOMESTIC INFLATION, PUBLIC SECTOR INEFFICIENCY, AND THE TANGLED NIEHOUS AND CUBANA CASES WHICH HAVE PLAGUED THE GOV IN RECENT MONTHS. IN THIS LIGHT, IT MUST BE

CONSIDERED A SUBSTANTIAL SUCCESS. GIVEN THIS PERSPECTIVE, IT UNDOUBTEDLY BOLSTERED PEREZ' BELIEF IN THE COHERENCE OF HIS ADMINISTRATION'S FOREIGN ECONOMIC POLICY AND IN THE THIRD WORLD RHETORIC HE HAS COME TO ESPOUSE. OUR TASK IN MODERATING VENEZUELA'S STAND ON OPEC PRICES, AND ON OTHER THIRD WORLD ISSUES, WILL BE NONE THE EASIER FOR IT.

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